

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
Central Valley Project, California

INTERIM RENEWAL CONTRACT BETWEEN THE UNITED STATES
AND
WESTLANDS WATER DISTRICT
DISTRIBUTION DISTRICT NO. 2
PROVIDING FOR PROJECT WATER SERVICE

THIS CONTRACT, made this 2nd day of March, 2004, in
pursuance generally of the Act of June 17, 1902 (32 Stat. 388), and acts amendatory or
supplementary thereto, including, but not limited to, the acts of August 26, 1937 (50 Stat. 844),
as amended and supplemented, August 4, 1939 (53 Stat. 1187), as amended and supplemented,
July 2, 1956 (70 Stat. 483), June 21, 1963 (77 Stat. 68), October 12, 1982 (96 Stat. 1261), as
amended and Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706), all collectively
hereinafter referred to as the Federal Reclamation law, between THE UNITED STATES OF
AMERICA, hereinafter referred to as the United States, and WESTLANDS WATER DISTRICT
DISTRIBUTION DISTRICT NO. 2, hereinafter referred to as the Contractor, a public agency of
the State of California, duly organized, existing, and acting pursuant to the laws thereof, with its
principal place of business in Fresno, California;

WITNESSETH, That:

1 14-06-200-3365A-IR5-A, 14-06-200-3365A-IR6-A, and 14-06-200-3365A-IR7-A, the latter of
2 which is hereinafter referred to as the Existing Interim Renewal Contract, which provided
3 Project Water to the Contractor from March 1, 2003, through February 29, 2004; and

4 WHEREAS, the Contractor has acquired an entitlement of CVP water through an
5 assignment agreement entitled “Agreement Relating to Partial Assignment of Water Service
6 Contract” dated March 1, 2003, which conveys to the Contractor, MSWD’s right, title, and
7 interest of the above named water service contract(s) as it relates to 4,198 acre-feet of annual
8 CVP entitlement under the water service contract(s); and

9 WHEREAS, water made available to the Contractor through the assignment and
10 through this Contract are currently not subject to any drainage requirements; and

11 WHEREAS, as a result of the assignment and upon execution of this Contract, the
12 Contractor shall acquire all rights and responsibilities as a CVP contractor and be included in the
13 process for long term renewal of this Contract; and

14 WHEREAS, the Contractor is requesting an interim renewal contract pursuant to
15 Article 1 of the Existing Interim Renewal Contract, which incorporates by reference the terms
16 and conditions of Article 2 of Contract No. 14-06-200-3365A-IR5-A as it relates to renewal,
17 Federal Reclamation law, and the laws of the State of California, for water service from the
18 Central Valley Project; and

19 WHEREAS, the United States and the Contractor believe that either further
20 negotiations on a long-term renewal contract for the Contractor would be beneficial and
21 mutually commit to continue to negotiate to seek to reach agreement or the Contractor’s
22 proposed

1 long-term renewal contract required environmental review necessary to execute a long-term
2 renewal contract has not been completed, and the Contractor is requesting a subsequent interim
3 renewal contract pursuant to Article 1 of the Existing Interim Renewal Contract, which
4 incorporates by reference the terms and conditions of Article 2 of Contract
5 No. 14-06-200-3365A-IR5-A as it relates to renewal; and

6 WHEREAS, the United States has determined that the District has to date fulfilled
7 all of its obligations under the Existing Interim Renewal Contract of which the Contractor is now
8 a beneficiary; and

9 WHEREAS, The Contracting Officer has determined that the Contractor has the
10 capability to fully utilize for reasonable and beneficial use, or shown projected future reasonable
11 and beneficial use for, the quantity of Project Water to be made available to it pursuant to this
12 interim renewal contract; and

13 WHEREAS, rights of renewal of this Contract and to convert this Contract to a
14 contract as provided by subsection (d), Section 9 of the Act of August 4, 1939 (53 Stat. 1187),
15 are set forth in this Contract; and

16 WHEREAS, Section 3404 of the CVPIA, precludes long-term renewal of water
17 service contracts until the completion of appropriate environmental documentation, including a
18 programmatic environmental impact statement ("PEIS") pursuant to the National Environmental
19 Policy Act analyzing the direct and indirect impacts and benefits of implementing the CVPIA
20 and the potential renewal of all existing contracts for Project Water; and

21 WHEREAS, in order to continue water service provided under Project water
22 service contracts that expire prior to the completion of the PEIS, the United States intends to

1 execute interim renewal contracts for a period not to exceed three (3) Years in length, and for
2 successive interim periods of not more than two (2) Years in length, until appropriate
3 environmental documentation, including the PEIS, is finally completed, at which time the
4 Secretary shall, pursuant to Federal Reclamation law, upon request of the Contractor, enter into a
5 long-term renewal contract for a period of twenty-five (25) Years; and may thereafter renew
6 such long-term renewal contracts for successive periods not to exceed twenty-five (25) Years
7 each; and

8 WHEREAS, the Secretary intends to assure uninterrupted water service and
9 continuity of contract through the process set forth in Article 2 hereof; and

10 WHEREAS, the United States is willing to execute this interim renewal contract
11 consistent with the provisions of Section 3404(c)(1) of the CVPIA on the terms and conditions
12 set forth below;

13 NOW, THEREFORE, in consideration of the mutual and dependent covenants
14 herein contained, it is hereby mutually agreed by the parties hereto as follows:

15 DEFINITIONS

16 1. When used herein unless otherwise distinctly expressed, or manifestly
17 incompatible with the intent hereof, the term:

18 (a) "Calendar Year" shall mean the period January 1 through December 31,
19 both dates inclusive;

20 (b) "Charges" shall mean the payments in addition to the Rates determined
21 annually by the Contracting Officer, required by the Federal Reclamation law, including
22 Section 3407 of the CVPIA;

1 (c) "Contractor's Boundaries" shall mean the area to which the Contractor is
2 permitted to provide Project Water under this interim renewal contract;

3 (d) "CVPIA" shall mean the Central Valley Project Improvement
4 Act, Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706);

5 (e) "Delivered Water" shall mean Project Water made available to
6 the Contractor and diverted at the point(s) of delivery approved by the Contracting
7 Officer;

8 (f) "Eligible Lands" shall mean all lands to which Irrigation Water
9 may be delivered in accordance with Section 204 of the Reclamation Reform
10 Act of October 12, 1982 (96 Stat. 1263), as amended, hereinafter referred to as
11 RRA;

12 (g) "Excess Lands" shall mean all lands defined as excess in
13 Section 204 of the RRA, other than those lands exempt from acreage limitation under
14 Federal Reclamation law;

15 (h) "Full Cost Rate" shall mean that water rate described in Sections 205(a)(3)
16 or 202(3) of the RRA, whichever is applicable;

17 (i) "Ineligible Lands" shall mean all lands to which Irrigation Water may not
18 be delivered in accordance with Section 204 of the RRA;

19 (j) "Irrigation Water" shall mean Project Water which is used
20 primarily in the production of agricultural crops or livestock, including domestic
21 use incidental thereto, and watering of livestock;

1 (k) "Landholder" shall mean an individual or entity attributed with the total
2 irrigable acreage of one or more tracts of land situated in one or more districts owned
3 and/or operated under a lease which is served with Irrigation Water pursuant to a contract
4 with the United States;

5 (l) "M&I Water" shall mean water made available from the Project other than
6 Irrigation Water. M&I Water shall include water used for purposes such as the watering
7 of landscaping or pasture for animals (e.g., horses) which are kept for personal enjoyment
8 or water delivered to landholding operated in units of less than 5 acres unless the
9 Contractor establishes to the satisfaction of the Contracting Officer that the use of water
10 delivered to any such landholding is a use described in subdivision (j) of this Article;

11 (m) "O&M" shall mean normal and reasonable care, control, operation, repair,
12 replacement, and maintenance of Project facilities;

13 (n) "Operating Non-Federal Entity" shall mean a Non-Federal entity which
14 has the obligation to operate and maintain all or a portion of the Delta Division facilities
15 pursuant to an agreement with the United States;

16 (o) "Project" shall mean the Central Valley Project owned by the
17 United States and operated by the Department of the Interior, Bureau of Reclamation;

18 (p) "Project Water" shall mean all water that is developed, diverted, stored, or
19 delivered by the United States in accordance with the statutes authorizing the Project and
20 in accordance with the terms and conditions of applicable water rights permits and
21 licenses acquired by and/or issued to the United States pursuant to California law;

1 (q) "Rates" shall mean the payments determined annually by the Contracting
2 Officer in accordance with the then current applicable water rate setting policies for the
3 Project;

4 (r) "Secretary" or "Contracting Officer" shall mean the Secretary of the
5 United States Department of the Interior or his duly authorized representative;

6 (s) "Year" shall mean the period from and including March 1 of
7 each Calendar Year through the last day of February of the following Calendar Year.

8 TERM OF CONTRACT--RIGHT TO USE OF WATER

9 2. (a) This interim renewal contract shall be effective from March 1, 2004, and
10 shall remain in effect through February 28, 2006, and thereafter will be renewed as described in
11 this Article. Provided, that if a long-term renewal contract has been executed with an effective
12 commencement date of March 1, 2005, this interim renewal contract shall expire on February 28,
13 2005. Except as provided in subdivision (b) of this Article, until completion of all appropriate
14 environmental review, and provided that the Contractor has complied with all the terms and
15 conditions of the interim renewal contract in effect for the period immediately preceding the
16 requested successive interim renewal contract, this interim renewal contract will be renewed,
17 upon request of the Contractor, for successive interim periods each of which shall be no more
18 than two (2) Years in length. Also, except as provided in subdivision (b) of this Article, in order
19 to promote orderly and cost effective contract administration, the terms and conditions in
20 subsequent interim renewal contracts shall be identical to the terms and conditions in the interim
21 renewal contract immediately preceding the subsequent interim renewal contract: Provided,
22 however, That each party preserves the right to propose modification(s) in any interim renewal

1 contract other than those described in subdivision (b) of this Article, in which case the parties
2 shall negotiate in good faith appropriate modification(s) to be included in any successive interim
3 renewal contracts. Said modification(s) of each successive interim renewal contract shall be
4 agreed upon within a reasonable time prior to the expiration of the then existing interim renewal
5 contract. Nothing in this Article shall in any way alter the obligation that, upon final completion
6 of the PEIS and any necessary supplemental environmental documentation, the Secretary shall,
7 pursuant to Federal Reclamation law, upon request of the Contractor, enter into a long-term
8 renewal contract for a period of twenty-five (25) Years and may thereafter renew such long-term
9 renewal contracts for successive periods not to exceed twenty-five (25) Years each. The
10 Contractor asserts that the Existing Interim Renewal Contract, of which the Contractor now has
11 an interest recognized under this Contract and existing law go beyond the preceding sentence to
12 give it enforceable rights to successive long-term renewal contracts. The Contracting Officer
13 disagrees with that assertion. The parties agree that this interim renewal contract preserves the
14 rights and positions of the parties and that the omission of language in this interim renewal
15 contract setting out the rights asserted by the Contractor to successive renewals is not intended to
16 be, nor shall it be interpreted as, a waiver of any such rights to the extent any such rights are later
17 determined to exist by a court of competent jurisdiction or by mutual agreement of the parties. If
18 a court of competent jurisdiction or the parties by mutual agreement determine that incorporation
19 of such language in this interim renewal contract is necessary to preserve such rights, this interim
20 renewal contract shall be construed as incorporating such language as though fully set forth
21 herein as of the effective date hereof.

1 (b) The parties anticipate that they will engage in good faith negotiations
2 intended to permit the execution of a twenty-five (25) Year long-term renewal contract
3 contemplated by Section 3404 (c) of the CVPIA, hereinafter referred to as a “long-term renewal
4 contract,” by the end of the term hereof. The parties recognize the possibility that this schedule
5 may not be met. Accordingly:

6 (1) In the event (i) the Contractor and Contracting Officer have
7 reached agreement on the terms of the Contractor’s long-term renewal contract or (ii) the
8 Contractor and Contracting Officer have not completed the negotiations on the Contractor’s
9 long-term renewal contract, believe that further negotiations on that contract would be beneficial,
10 and mutually commit to continue to negotiate to seek to reach agreement, but (iii) all
11 environmental documentation required to allow execution of the Contractor’s long-term renewal
12 contract by both parties has not been completed in time to allow execution of the Contractor’s
13 long-term renewal contract by February 15, 2006, then (iv) the parties will expeditiously
14 complete the environmental documentation required of each of them in order to execute the
15 Contractor’s long-term renewal contract at the earliest practicable date. In addition, the
16 Contractor’s then current interim renewal contract will be renewed without change upon the
17 request of either party through the agreed-upon effective date of the Contractor’s long-term
18 renewal contract or, in the absence of agreement on the terms of the Contractor’s long-term
19 renewal contract, through the succeeding February 28.

20 (2) Provided that this interim renewal contract is not subject to
21 renewal under the terms described in subdivision (1) of this Article, if a party determines that the
22 parties have reached an impasse which they have been unable to resolve and which precludes

1 agreement on the long-term renewal contract, that party may notify the other that it has
2 concluded that there is no reasonable likelihood of reaching agreement on the terms of a long-
3 term renewal contract. In the event of such notice, the parties will immediately agree to a
4 schedule and process for negotiating the terms (other than any terms that would impair
5 continuity of water supply or continuity of contract) of and executing an interim renewal
6 contract; provided that neither party will propose for inclusion in the interim renewal contract
7 any provision not previously included in an existing interim renewal contract which it had
8 previously proposed for inclusion in the long-term renewal contract and which was the subject of
9 an impasse in the long-term renewal contract negotiations. The schedule will provide for
10 completion of the negotiations of the terms of that contract by February 1, 2006, and for
11 execution of the contract on or about February 15, 2006. The parties each acknowledge the right
12 of either party to seek judicial relief in connection with any impasse reached in connection with
13 negotiation of the long-term renewal contract and/or an interim renewal contract that would
14 become effective on or after February 28, 2006.

15 (c) The parties acknowledge that the Contractor asserts that it is entitled as a
16 matter of law to an interim renewal contract of longer duration than twelve (12) months, and that
17 the Contracting Officer asserts that it is under no obligation to provide the Contractor with an
18 interim renewal contract of any particular duration. Accordingly, the parties further
19 acknowledge that (i) the foregoing process represents a mutual accommodation to facilitate their
20 joint desire to proceed with the development of a long-term renewal contract in an expeditious
21 and orderly manner, (ii) they each preserve their respective rights and positions relative to the
22 entitlement of the Contractor to subsequent interim renewal contracts should they become

1 necessary, and the terms thereof, and (iii) their agreement to the process and interim renewal
2 contract terms described above is in no way intended to be, nor will it be interpreted as, a waiver
3 of any such rights or positions, all of which are and will be expressly preserved.

4 (d) The omission of language in this interim renewal contract providing for
5 conversion of this interim renewal contract or any subsequent renewals thereof to a repayment
6 contract, pursuant to the Act of July 2, 1956 (70 Stat. 483), shall not prejudice the Contractor's
7 right to assert a right to have such language included in subsequent renewals of this interim
8 renewal contract or to exercise such conversion, all as provided by law, or to negotiate the
9 language regarding such conversion to be included in subsequent renewal contracts.

10 WATER TO BE MADE AVAILABLE AND DELIVERED TO THE CONTRACTOR

11 3. (a) Subject to the provisions set forth in Articles 11 and 12 hereof, and
12 consistent with applicable State water rights, permits, and licenses, the Contractor is entitled to,
13 and the Contracting Officer shall be obligated to make available to the Contractor up to 4,198
14 acre-feet of Project Water for irrigation and/or municipal and industrial purposes during the term
15 of this interim renewal contract. The quantity of Project Water delivered to the Contractor in
16 accordance with this Article 3(a) in any Year shall be scheduled and paid for pursuant to the
17 provisions of Articles 4 and 7 hereof, and shall not exceed the quantity of Project Water the
18 Contractor intends to put to reasonable beneficial use within the Contractor's Boundaries or sold,
19 transferred, or exchanged pursuant to Article 9 during the term of this interim renewal contract.

20 (b) The Contractor shall utilize the Project Water made available to it
21 pursuant to this interim renewal contract in accordance with all applicable requirements of any
22 Biological Opinion addressing the execution of this interim renewal contract developed pursuant

1 to Section 7 of the Endangered Species Act of 1973, as amended, and in accordance with
2 environmental documentation as may be required for specific activities, including conversion of
3 Irrigation Water to M&I Water.

4 (c) The Contractor shall make reasonable and beneficial use of Project Water
5 or other water furnished pursuant to this interim renewal contract. In addition, use of Project
6 Water in a ground water recharge program shall be permitted under this Contract to the extent
7 that it is carried out in accordance with California law; Provided, however, that such ground
8 water recharge program cannot be undertaken unless and until the Contractor submits a ground
9 water management plan pursuant to California law that demonstrates that such ground water
10 recharge program will result in a reasonable and beneficial use of such water.

11 (d) If the Contracting Officer determines that Project Water, or other water
12 available to the Project, can be made available to the Contractor in addition to the quantity of
13 Project Water made available to the Contractor pursuant to subdivision (a) of this Article, the
14 Contracting Officer shall so notify the Contractor. If the Contractor requests the delivery of any
15 quantity of such water, the Contracting Officer shall make such water available to the Contractor
16 in accordance with applicable statutes, regulations, guidelines, and policies.

17 (e) If the Contractor requests permission to reschedule for use during the
18 subsequent Year some or all of the Project Water made available to the Contractor during the
19 current Year or to use, during the current Year, that quantity of Project Water the United States
20 has agreed to make available to the Contractor during the subsequent Year, the Contracting
21 Officer may permit such uses in accordance with applicable statutes, regulations, guidelines, and
22 policies.

1 Project reservoirs, projected CVPIA impacts, projected Endangered Species Act, and all other
2 regulatory impacts.

3 (b) On or before each March 1, the Contractor shall submit to the Contracting
4 Officer and at such other times as necessary, a written schedule, satisfactory to the Contracting
5 Officer, showing the times, and quantities of Project Water to be delivered by the United States
6 to the Contractor during the upcoming Year pursuant to this interim renewal contract, and,
7 consistent with subdivision (a) of Article 3 herein.

8 (c) Subject to the conditions set forth in subdivision (a) of Article 3, the
9 United States shall deliver Project Water to the Contractor in accordance with the initial
10 schedule submitted by the Contractor pursuant to subdivision (b) of this Article, or any
11 revision(s) thereto submitted within a reasonable time prior to the date(s) on which the requested
12 change(s) is/are to be implemented.

13 POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

14 5. (a) The Project Water to be furnished to the Contractor pursuant to this
15 interim renewal contract shall be made available to the Contractor at the point or points of
16 delivery either on Project facilities or another location or locations mutually agreed to in writing
17 by the Contracting Officer and the Contractor.

18 (b) The Contracting Officer shall make all reasonable efforts to maintain
19 sufficient flows and levels of water in Project facilities to furnish Project Water to the Contractor
20 at the specific turnout(s) established pursuant to subdivision (a) of this Article.

21 (c) Irrigation Water furnished to the Contractor pursuant to this interim
22 renewal contract shall be delivered by the Contractor in accordance with any applicable land

1 classification provisions of Federal Reclamation law and the associated regulations. Project
2 Water shall not be delivered to land outside the Contractor's Boundaries unless approved in
3 advance by the Contracting Officer.

4 (d) All Project Water delivered to the Contractor pursuant to this interim
5 renewal contract shall be measured and recorded with equipment furnished, installed, operated,
6 and maintained by the United States or the responsible Operating Non-Federal Entity at the point
7 or points of delivery established pursuant to subdivision (a) of this Article. Upon the request of
8 either party to this interim renewal contract, the Contracting Officer shall investigate the
9 accuracy of such measurements and shall take any necessary steps to adjust any errors appearing
10 therein. The Contractor shall advise the Contracting Officer on or before the 10th calendar day
11 of each month of the quantity of Project Water taken during the preceding month.

12 (e) Neither the United States nor any Operating Non-Federal Entity shall be
13 responsible for the control, carriage, handling, use, disposal, or distribution of Project Water
14 made available to the Contractor pursuant to this interim renewal contract beyond the delivery
15 points specified in subdivision (a) of this Article. The Contractor shall indemnify the United
16 States its officers, employees, agents, and assigns on account of damage or claim of damage of
17 any nature whatsoever for which there is legal responsibility, including property damage,
18 personal injury, or death arising out of or connected with the control, carriage, handling, use,
19 disposal, or distribution of such Project Water beyond such delivery points, except for any
20 damage or claim arising out of (i) acts performed by the United States or any of its officers,
21 employees, agents, or assigns, including any responsible Operating Non-Federal Entity, with the
22 intent of creating the situation resulting in any damage or claim, (ii) willful misconduct of the

1 United States or any of its officers, employees, agents, or assigns, including any responsible
2 Operating Non-Federal Entity, or (iii) negligence of the United States or any of its officers,
3 employees, agents, or assigns including any responsible Operating Non-Federal Entity.

4 MEASUREMENT OF WATER WITHIN THE DISTRICT

5 6. (a) The Contractor shall ensure that, unless the Contractor has established an
6 alternative measurement program satisfactory to the Contracting Officer, all surface water
7 delivered for irrigation purposes within the Contractor's Boundaries is measured at each
8 agricultural turnout and such water delivered for municipal and industrial purposes is measured
9 at each municipal and industrial service connection. All water measuring devices or water
10 measuring methods of comparable effectiveness must be acceptable to the Contracting Officer.
11 The Contractor shall be responsible for installing, operating, and maintaining and repairing all
12 such measuring devices and implementing all such water measuring methods at no cost to the
13 United States. The Contractor shall use the information obtained from such water measuring
14 devices or water measuring methods to ensure proper management of the water; to bill water
15 users for water delivered by the Contractor; and, if applicable, to record water delivered for
16 municipal and industrial purposes by customer class as defined in its water conservation plan.
17 Nothing herein contained, however, shall preclude the Contractor from establishing and
18 collecting any charges, assessments, or other revenues authorized by California law. The
19 Contractor shall include a summary of its annual surface water deliveries in the annual report
20 described in subdivision (d) of Article 25.

21 (b) Omitted.

1 (c) All new surface water delivery systems installed within the Contractor's
2 Boundaries after the effective date of this interim renewal contract shall also comply with the
3 measurement provisions described in subdivision (a) of this Article.

4 (d) The Contractor shall inform the Contracting Officer and the State of
5 California in writing by April 30 of each Year of the monthly volume of surface water delivered
6 within the Contractor's Boundaries during the previous Year.

7 RATES AND METHOD OF PAYMENT FOR WATER

8 7. (a) The Contractor shall pay the United States in monthly payments as
9 provided in this Article for the quantities of Delivered Water furnished to the Contractor
10 pursuant to this interim renewal contract. Such payments shall consist of the applicable Rates
11 and Charges determined annually in accordance with applicable Federal law and associated
12 regulations. The Rates and Charges applicable upon execution of this interim renewal contract
13 are set forth in Exhibit "A."

14 (b) The Contracting Officer shall notify the Contractor of the Rates and
15 Charges as follows:

16 (1) Prior to July 1, of each Calendar Year, the Contracting Officer
17 shall provide the Contractor the preliminary calculation of the Charges that will be applied for
18 the period October 1 of the current Calendar Year, through September 30, of the following
19 Calendar Year, and identify the statutes, regulations and guidelines used as the basis for such
20 calculations. On or before September 15 of each Calendar Year, the Contracting Officer shall
21 notify the Contractor in writing of the Charges to be in effect during the period October 1 of the

1 current Calendar Year, through September 30 of the following Calendar Year, and such
2 notification shall revise Exhibit "A."

3 (2) Prior to October 1 of each Calendar Year, the Contracting Officer
4 shall make available to the Contractor an estimate of the Rates of payment for the following
5 Year and the computations and cost allocations upon which those Rates are based. The
6 Contractor shall be allowed not less than two months to review and comment on such
7 computations and cost allocations. By December 31 of each Calendar Year, the Contracting
8 Officer shall provide the Contractor with the final Rates to be in effect for the upcoming Year,
9 and such notification shall revise Exhibit "A."

1 (c) At the time the Contractor submits the initial schedule for the delivery of
2 Project Water for each Year pursuant to subdivision (b) of Article 4 of this interim renewal
3 contract, the Contractor shall pay the United States the total amount payable pursuant to the
4 applicable Rate(s) for all Project Water scheduled to be delivered pursuant to this interim
5 renewal contract during the first two (2) calendar months of the Year. Before the end of the first
6 month or part thereof of the Year, and before the end of each calendar month thereafter, the
7 Contractor shall pay pursuant to the applicable Rate(s) for all Project Water scheduled to be
8 delivered pursuant to this interim renewal contract during the second month immediately
9 following. Adjustments between the payments for the scheduled amount of Project Water and
10 the appropriate payments for quantities of Delivered Water furnished pursuant to this interim
11 renewal contract each month shall be made before the end of the following month: Provided,
12 That any revised schedule submitted by the Contractor pursuant to Article 4 which increases the
13 amount of Project Water to be delivered pursuant to this interim renewal contract during any
14 month shall be accompanied with appropriate payment for Rates to assure that Project Water is
15 not furnished to the Contractor in advance of such payment. In any month in which the quantity
16 of Delivered Water furnished to the Contractor pursuant to this interim renewal contract equals
17 the quantity of Project Water scheduled and paid for by the Contractor, no additional Project
18 Water shall be made available to the Contractor unless and until payment of Rates for such
19 additional Project Water is made. Final adjustment between the payments of Rates for the
20 Project Water scheduled and the quantities of Delivered Water furnished during each Year
21 pursuant to its contract shall be made as soon as possible but no later than April 30th of the
22 following Year.

1 (d) The Contractor shall pay all Charges owing for Delivered Water before
2 the end of the month following the month of delivery. Such amounts shall be consistent with the
3 quantities of Irrigation Water and M&I Water shown in the United States' water delivery report
4 for the subject month. The water delivery report shall be regarded by the Contractor as a bill for
5 the payment of appropriate Charges. Any monthly adjustment for overpayment or underpayment
6 of Charges shall be accomplished through the adjustment of Charges due to the United States in
7 the next month. By March 31, of each Year, the Contractor shall make any additional payment
8 of Charges it is obligated to make for Delivered Water furnished to the Contractor pursuant to its
9 contract for the previous Year. The amount to be paid for past due payment of Charges shall be
10 computed pursuant to Article 19 of this interim renewal contract.

11 (e) The Contractor shall pay for any Project Water provided under
12 subdivision (d) or (e) of Article 3 as determined by the Contracting Officer pursuant to
13 applicable statutes, regulations, guidelines, and policies.

14 (f) Payments to be made by the Contractor to the United States under this
15 interim renewal contract may be paid from any revenues available to the Contractor.

16 (g) Revenues received by the United States pursuant to this interim renewal
17 contract shall be allocated and applied in accordance with Federal Reclamation law, including
18 but not limited to, subsection 3 of Section 1 of the Act of July 2, 1956 (70 Stat. 483), and
19 subsection (f) of Section 3405, subsection (c)(1) of Section 3406 and subsection (d)(2)(A) of
20 Section 3407 of the CVPIA, and the associated regulations, including but not limited to, the
21 Project Irrigation Water ratesetting policy and the Project M&I ratesetting policy promulgated
22 pursuant to the Administrative Procedures Act.

1 (h) At the Contractor's request, the Contracting Officer shall provide to the
2 Contractor an accounting of all of the expenses allocated and the disposition of all revenues
3 received pursuant to this interim renewal contract in sufficient detail to allow the Contractor to
4 determine that the allocation of expenses and disposition of all revenues received was
5 accomplished in conformance with Federal Reclamation law and the associated regulations. The
6 Contracting Officer and the Contractor shall enter into good faith negotiations to resolve any
7 discrepancies or disputes arising out of said accounting of the Contractor's review thereof.

8 (i) The parties acknowledge and agree that the efficient administration of this
9 interim renewal contract is their mutual goal. Recognizing that experience has demonstrated that
10 mechanisms, policies, and procedures used for establishing Rates and Charges, and/or for
11 making and allocating payments, other than those set forth in this Article would be in the mutual
12 best interest of the parties, it is expressly agreed that the parties may enter into agreements for
13 alternative mechanisms, policies, and procedures for any of those purposes while this interim
14 renewal contract is in effect without amending this Contract.

15 NON-INTEREST BEARING OPERATION AND MAINTENANCE DEFICITS

16 8. The Contractor and the Contracting Officer concur that at the time of execution of
17 this interim renewal contract, the Contractor has no non-interest bearing operation and
18 maintenance deficits and shall have no further liability therefor.

19 TRANSFERS OR EXCHANGES OF WATER

20 9. The right to Project Water provided for in this interim renewal contract may be
21 sold, transferred, or exchanged to others for beneficial uses within the State of California if such
22 sale, transfer, or exchange is authorized by applicable Federal laws, State laws, and applicable
23 guidelines or regulations then in effect. The right to sell, transfer, or exchange Project Water

1 shall include, and the Contracting Officer shall apply this Article in a manner that does not
2 impede or restrict, lawful short-term sales, transfers, or exchanges of the type the Contractor
3 historically carried out with approval of the Contracting Officer under Contract No.14-06-200-
4 3365A. No sale, transfer, or exchange of the right to Project Water under this interim renewal
5 contract may take place without the prior written approval of the Contracting Officer.

6 APPLICATION OF PAYMENTS AND ADJUSTMENTS

7 10. (a) The amount of any overpayment by the Contractor shall be applied first to
8 any accrued indebtedness arising out of this interim renewal contract then due and payable by
9 the Contractor. Any amount of such overpayment then remaining shall, at the option of the
10 Contractor, be refunded to the Contractor or credited upon amounts to become due to the United
11 States from the Contractor under the provisions hereof in the following months. With respect to
12 overpayment, such adjustment shall constitute the sole remedy of the Contractor or anyone
13 having or claiming to have the right to the use of any of the water supply provided for herein.

14 (b) All advances for miscellaneous costs incurred for work requested by the
15 Contractor pursuant to Article 24 shall be adjusted to reflect the actual costs when the work has
16 been completed. If the advances exceed the actual costs incurred, the difference will be refunded
17 to the Contractor. If the actual costs exceed the Contractor's advances, the Contractor will be
18 billed for the additional costs pursuant to Article 24.

19 TEMPORARY REDUCTIONS--RETURN FLOWS

20 11. (a) Subject to: (i) the authorized purposes and priorities of the Project; and
21 (ii) the obligations of the United States under existing contracts, or renewals thereof, providing
22 for water deliveries from the Project, the Contracting Officer shall make all reasonable efforts to
23 optimize Project Water deliveries to the Contractor as provided in the Contract.

1 (b) The United States may temporarily discontinue or reduce the quantity of
2 Project Water to be delivered to the Contractor as herein provided for the purposes of
3 investigation, inspection, maintenance, repair, or replacement of any of the Project facilities or
4 any part thereof necessary for the delivery of Project Water to the Contractor, but so far as
5 feasible the Contracting Officer will give the Contractor due notice in advance of such temporary
6 discontinuance or reduction, except in case of emergency, in which case no notice need be given:
7 Provided, That the United States shall use its best efforts to avoid any discontinuance or
8 reduction in such service. Upon resumption of service after such reduction or discontinuance,
9 and if requested by the Contractor, the United States will, if possible, deliver the quantity of
10 Project Water, which would have been delivered hereunder in the absence of such
11 discontinuance or reduction: Provided further, That with respect to any quantity of Project
12 Water not delivered after a discontinuance or reduction the Contractor shall be relieved of its
13 scheduling and payment obligations for such quantity of Project Water.

14 (c) The United States reserves the right to all seepage and return flow water
15 derived from water delivered to the Contractor hereunder which escapes or is discharged beyond
16 the Contractor's Boundaries: Provided, That this shall not be construed as claiming for the
17 United States any right to seepage or return flow being put to reasonable and beneficial use
18 pursuant to this interim renewal contract within the Contractor's Boundaries by the Contractor or
19 those claiming by, through, or under the Contractor.

20 WATER SHORTAGE AND APPORTIONMENT

21 12. (a) In its operation of the Project, the Contracting Officer will use all
22 reasonable means to guard against a condition of shortage in the quantity of water to be made
23 available to the Contractor pursuant to this Contract. Insofar as determined by the Contracting

1 Officer to be practicable, the Contracting Officer will, in the event a shortage appears probable,
2 notify the Contractor of such determinations as soon as possible.

3 (b) If there is a reduction in the total water supply available to the Contractor
4 during any Year because of errors in physical operations of the Project, drought, other physical
5 causes beyond the control of the Contracting Officer or actions taken by the Contracting Officer
6 to meet legal obligations, no liability shall accrue against the United States or any of its officers,
7 agents, or employees for any damage, direct or indirect, arising therefrom, so long as actions
8 based upon the opinions or determinations of the Contracting Officer are consistent with the
9 standards in Article 18.

10 (c) In any Year in which there may occur a shortage for any of the reasons
11 specified in subdivision (b) above, the Contracting Officer shall apportion the available Project
12 Water supply among the Contractor and others entitled, under existing contracts and future
13 contracts (to the extent such future contracts are permitted under subsections (a) and (b) of
14 Section 3404 of the CVPIA) and renewals thereof, to receive Project Water consistent with the
15 contractual obligations of the United States.

16 (d) Subject to subdivisions (c) of this Article, in any Year in which there may
17 occur a shortage for any of the reasons specified in subdivision (b) above, the Contracting
18 Officer shall apportion the available Project Water among the Contractor and others entitled to
19 receive Project Water from the Delta Division facilities as follows:

20 (1) A determination shall be made of the total quantity of water
21 scheduled to be delivered during the respective Year under all contracts then in force for
22 the delivery of water from the Delta Division facilities, the quantity so determined being
23 herein referred to as the contractual commitments from the Delta Division facilities.

1 (2) The total quantity of water scheduled to be delivered to the
2 Contractor from the Delta Division facilities during the respective Year under
3 subdivision (a) of Article 3 shall be divided by the contractual commitments, the quotient
4 thus obtained being herein referred to as the Contractor's contractual entitlement from the
5 Delta Division facilities.

6 (3) The supply determined by the Contracting Officer to be available
7 from the Delta Division facilities shall be multiplied by the Contractor's contractual
8 entitlement and the result shall be the quantity of water required to be delivered by the
9 United States to the Contractor for the respective Year from the Delta Division facilities.

10 UNAVOIDABLE GROUND-WATER PERCOLATION

11 13. The Contractor shall not be deemed to have furnished Irrigation Water to Excess
12 Lands or Ineligible Lands within the meaning of this interim renewal contract if such lands are
13 irrigated with ground water that reaches the underground strata as an unavoidable result of the
14 furnishing of Irrigation Water by the Contractor to Eligible Lands.

15 COMPLIANCE WITH FEDERAL RECLAMATION LAW

16 14. The parties agree that the delivery of Irrigation Water or use of Federal facilities
17 pursuant to this Contract is subject to Federal Reclamation law, including but not limited to, the
18 Reclamation Reform Act of 1982 (43 U.S.C. 290aa et seq.), a amended and supplemented, and
19 the rules and regulations promulgated by the Secretary of the Interior under Federal Reclamation
20 law.

21 WATER AND AIR POLLUTION CONTROL

22 15. The Contractor, in carrying out this Contract, shall comply with all applicable
23 water and air pollution laws and regulations of the United States and the State of California, and
24 shall obtain all required permits or licenses from the appropriate Federal, State, or local
25 authorities.

QUALITY OF WATER

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16. (a) Project facilities used to make available and deliver Project Water to the Contractor pursuant to this interim renewal contract shall be operated and maintained to enable the United States to make available and deliver Project Water to the Contractor in accordance with the water quality standards specified in subsection 2(b) of the Act of August 26, 1937 (50 Stat. 865), as added by Section 101 of the Act of October 27, 1986 (100 Stat. 3050), or other existing Federal laws. The United States is under no obligation to construct or furnish water treatment facilities to maintain or to better the quality of Project Water furnished to the Contractor pursuant to this Contract. The United States does not warrant the quality of Project Water made available and delivered to the Contractor pursuant to this Contract.

(b) The operation and maintenance of Project facilities shall be performed in such manner as is practicable to maintain the quality of raw water made available through such facilities at the highest level reasonably attainable as determined by the Contracting Officer. The Contractor shall be responsible for compliance with all State and Federal water quality standards applicable to surface and subsurface agricultural drainage discharges generated through the use of Federal or Contractor facilities or Project Water provided by the Contractor within the Contractor's Boundaries. This Article shall not affect or alter any legal obligations of the Secretary to provide drainage services.

WATER ACQUIRED BY THE CONTRACTOR OTHER THAN
FROM THE UNITED STATES

17. Water or water rights now owned or hereafter acquired by the Contractor other than from the United States and Irrigation Water furnished pursuant to the terms of this interim renewal contract may be simultaneously transported through the same distribution facilities of the Contractor subject to the following: (i) if the facilities utilized for commingling Irrigation

1 Water and non-Project water were constructed without funds made available pursuant to Federal
2 Reclamation law, the provisions of Federal Reclamation law will be applicable only to the
3 Landholders of lands which receive Irrigation Water; (ii) the eligibility of land to receive
4 Irrigation Water must be established through the certification requirements as specified in the
5 Acreage Limitation Rules and Regulations (43 CFR Part 426); (iii) the water requirements of
6 Eligible Lands within the Contractor's Boundaries can be established and the quantity of
7 Irrigation Water to be utilized is less than or equal to the quantity necessary to irrigate such
8 Eligible Lands; and (iv) if the facilities utilized for commingling Irrigation Water and non-
9 Project water are constructed with funds made available pursuant to Federal Reclamation law,
10 the non-Project water will be subject to Federal Reclamation law, until such funds have been
11 repaid.

12 OPINIONS AND DETERMINATIONS

13 18. (a) Where the terms of this interim renewal contract provide for actions to be
14 based upon the opinion or determination of either party to this Contract, said terms shall not be
15 construed as permitting such action to be predicated upon arbitrary, capricious, or unreasonable
16 opinions or determinations. Both parties, notwithstanding any other provisions of this Contract,
17 expressly reserve the right to seek relief from and appropriate adjustment, including monetary
18 damages, for any such arbitrary, capricious, or unreasonable opinion or determination. Each
19 opinion or determination by either party shall be provided in a timely manner.

20 (b) The Contracting Officer shall have the right to make determinations
21 necessary to administer this interim renewal contract that are consistent with the expressed and
22 implied provisions of this Contract, the laws of the United States and the State of California, and

1 the rules and regulations promulgated by the Secretary of the Interior. Such determinations shall
2 be made in consultation with the Contractor to the extent reasonably practicable.

3 CHARGES FOR DELINQUENT PAYMENTS

4 19. (a) The Contractor shall be subject to interest, administrative, and penalty
5 charges on delinquent installments or payments. When a payment is not received by the due
6 date, the Contractor shall pay an interest charge for each day the payment is delinquent beyond
7 the due date. When a payment becomes 60 days delinquent, the Contractor shall pay an
8 administrative charge to cover additional costs of billing and processing the delinquent payment.
9 When a payment is delinquent 90 days or more, the Contractor shall pay an additional penalty
10 charge of 6 percent per year for each day the payment is delinquent beyond the due date.
11 Further, the Contractor shall pay any fees incurred for debt collection services associated with a
12 delinquent payment.

13 (b) The interest charge rate shall be the greater of the rate prescribed quarterly
14 in the Federal Register by the Department of the Treasury for application to overdue payments,
15 or the interest rate of 0.5 percent per month prescribed by Section 6 of the Reclamation Project
16 Act of 1939 (Public Law 76-260). The interest charge rate shall be determined as of the due date
17 and remain fixed for the duration of the delinquent period.

18 (c) When a partial payment on a delinquent account is received, the amount
19 shall be applied, first to the penalty, second to the administrative charges, third to the accrued
20 interest, and finally to the overdue payment.

21 EQUAL OPPORTUNITY

22 20. During the performance of this Contract, the Contractor agrees as follows:

23 (1) The Contractor will not discriminate against any employee or applicant for
24 employment because of race, color, religion, sex, or national origin. The Contractor will
25 take affirmative action to ensure that applicants are employed, and that employees are
26 treated during employment, without regard to their race, color, religion, sex, or national
27 origin. Such action shall include, but not be limited to, the following: Employment,
28 upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or
29 termination, rates of payment or other forms of compensation; and selection for training,
30 including apprenticeship. The Contractor agrees to post in conspicuous places, available
31 to employees and applicants for employment, notices to be provided by the Contracting
32 Officer setting forth the provisions of this nondiscrimination clause.

33 (2) The Contractor will, in all solicitations or advertisements for employees
34 placed by or on behalf of the Contractor, state that all qualified applicants will receive
35 consideration for employment without discrimination because of race, color, religion,
36 sex, or national origin.

1 (3) The Contractor will send to each labor union or representative of workers
2 with which it has a collective bargaining agreement or other contract or understanding, a
3 notice, to be provided by the Contracting Officer, advising the said labor union or
4 workers' representative of the Contractor's commitments under Section 202 of Executive
5 Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous
6 places available to employees and applicants for employment.

7 (4) The Contractor will comply with all provisions of Executive Order
8 No. 11246 of September 24, 1965, as amended, and of the rules, regulations, and
9 relevant orders of the Secretary of Labor.

10 (5) The Contractor will furnish all information and reports required by said
11 amended Executive Order and by the rules, regulations, and orders of the Secretary of
12 Labor, or pursuant thereto, and will permit access to its books, records, and accounts by
13 the Contracting Officer and the Secretary of Labor for purposes of investigation to
14 ascertain compliance with such rules, regulations, and orders.

15 (6) In the event of the Contractor's noncompliance with the nondiscrimination
16 clauses of this contract or with any of the said rules, regulations, or orders, this contract
17 may be canceled, terminated, or suspended, in whole or in part, and the Contractor may
18 be declared ineligible for further Government contracts in accordance with procedures
19 authorized in said amended Executive Order, and such other sanctions may be imposed
20 and remedies invoked as provided in said Executive Order, or by rule, regulation, or
21 order of the Secretary of Labor, or as otherwise provided by law.

22 (7) The Contractor will include the provisions of paragraphs (1) through (7) in
23 every subcontract or purchase order unless exempted by the rules, regulations, or orders
24 of the Secretary of Labor issued pursuant to Section 204 of said amended Executive
25 Order, so that such provisions will be binding upon each subcontractor or vendor. The
26 Contractor will take such action with respect to any subcontract or purchase order as may
27 be directed by the Secretary of Labor as a means of enforcing such provisions, including
28 sanctions for noncompliance: Provided, however, That in the event the Contractor
29 becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a
30 result of such direction, the Contractor may request the United States to enter into such
31 litigation to protect the interests of the United States.

32 GENERAL OBLIGATION--BENEFITS
33 CONDITIONED UPON PAYMENT

34 21. (a) The obligation of the Contractor to pay the United States as provided in
35 this contract is a general obligation of the Contractor notwithstanding the manner in which the
36 obligation may be distributed among the Contractor's water users and notwithstanding the default
37 of individual water users in their obligations to the Contractor.

38 (b) The payment of charges becoming due hereunder is a condition precedent
39 to receiving benefits under this contract. The United States shall not make water available to the

1 Contractor through project facilities during any period in which the Contractor may be in arrears
2 in the advance payment of water rates due the United States. The Contractor shall not furnish
3 water made available pursuant to this contract for lands or parties which are in arrears in the
4 advance payment of water rates levied or established by the Contractor.

5 COMPLIANCE WITH CIVIL RIGHTS LAWS
6 AND REGULATIONS

7 22. (a) The Contractor shall comply with Title VI of the Civil Rights Act of 1964
8 (42 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1975 (P.L. 93-112, as amended), the
9 Age Discrimination Act of 1975 (42 U.S.C. 6101, et seq.) and any other applicable civil rights
10 laws, as well as with their respective implementing regulations and guidelines imposed by the
11 U.S. Department of the Interior and/or Bureau of Reclamation.

12 (b) These statutes require that no person in the United States shall, on the
13 grounds of race, color, national origin, handicap, or age, be excluded from participation in, be
14 denied the benefits of, or be otherwise subjected to discrimination under any program or activity
15 receiving financial assistance from the Bureau of Reclamation. By executing this contract, the
16 Contractor agrees to immediately take any measures necessary to implement this obligation,
17 including permitting officials of the United States to inspect premises, programs, and documents.

18 (c) The Contractor makes this agreement in consideration of and for the
19 purpose of obtaining any and all Federal grants, loans, contracts, property discounts, or other
20 Federal financial assistance extended after the date hereof to the Contractor by the Bureau of
21 Reclamation, including installment payments after such date on account of arrangements for
22 Federal financial assistance which were approved before such date. The Contractor recognizes
23 and agrees that such Federal assistance will be extended in reliance on the representations and
24 agreements made in this Article, and that the United States reserves the right to seek judicial
25 enforcement thereof.

26 PRIVACY ACT COMPLIANCE

27 23. (a) The Contractor shall comply with the Privacy Act of 1974 (5 U.S.C. 552a)
28 (the Act) and the Department of the Interior rules and regulations under the Act (43 CFR 2.45 et
29 seq.) in maintaining landholder acreage certification and reporting records, required to be
30 submitted to the Contractor for compliance with Sections 206 and 228 of the Reclamation
31 Reform Act of 1982 (96 Stat. 1266), and pursuant to 43 CFR 426.10.

32 (b) With respect to the application and administration of the criminal penalty
33 provisions of the Act (5 U.S.C. 552a(I)), the Contractor and the Contractor's employees
34 responsible for maintaining the certification and reporting records referenced in (a) above are
35 considered to be employees of the Department of the Interior. See 5 U.S.C. 552a(m).

36 (c) The Contracting Officer or a designated representative shall provide the
37 Contractor with current copies of the Interior Department Privacy Act regulations and the
38 Bureau of Reclamation Federal Register Privacy Act System of Records Notice (Acreage

1 Limitation--Interior, Reclamation-31) which govern the maintenance, safeguarding, and
2 disclosure of information contained in the landholder's certification and reporting records.

3 (d) The Contracting Officer shall designate a full-time employee of the
4 Bureau of Reclamation to be the System Manager who shall be responsible for making decisions
5 on denials pursuant to 43 CFR 2.61 and 2.64 amendment requests pursuant to 43 CFR 2.72. The
6 Contractor is authorized to grant requests by individuals for access to their own records.

7 (e) The Contractor shall forward promptly to the System Manager each
8 proposed denial of access under 43 CFR 2.64; and each request for amendment of records filed
9 under 43 CFR 2.71; notify the requester accordingly of such referral; and provide the System
10 Manager with information and records necessary to prepare an appropriate response to the
11 requester. These requirements do not apply to individuals seeking access to their own
12 certification and reporting forms filed with the Contractor pursuant to 43 CFR 426.10, unless the
13 requester elects to cite the Privacy Act as a basis for the request.

14 CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

15 24. In addition to all other payments to be made by the Contractor pursuant to this
16 Contract, the Contractor shall pay to the United States, within sixty (60) days after receipt of a
17 bill and detailed statement submitted by the Contracting Officer to the Contractor for such
18 specific items of direct cost incurred by the United States for work requested by the Contractor
19 associated with this interim renewal contract plus a percentage of such direct costs for
20 administrative and general overhead in accordance with applicable Bureau of Reclamation
21 policy and procedures. All such amounts referred to in this Article shall not exceed the amount
22 agreed to in writing in advance by the Contractor. This Article shall not apply to costs for
23 routine contract administration.

24 WATER CONSERVATION

25 25. (a) Prior to the delivery of water provided from or conveyed through
26 Federally constructed or Federally financed facilities pursuant to this contract, the Contractor
27 shall be implementing an effective water conservation program based on the Contractor's water
28 conservation plan that has been determined by the Contracting Officer to meet the conservation

1 and efficiency criteria established under Federal law. The water conservation program shall
2 contain definite water conservation objectives, appropriate economically feasible water
3 conservation measures, and time schedules for meeting those objectives.

4 (b) Should the combined amount of M&I Water delivered pursuant to
5 subdivision (a) of Article 3 during the term of this interim renewal contract equal or exceed
6 2,000 acre-feet, the Contractor shall implement the Best Management Practices identified by and
7 the time frames issued by the California Urban Water Conservation Council unless any such
8 practice is determined by the Contracting Officer to be inappropriate for the Contractor.

9 (c) As part of the water conservation program, the Contractor shall develop
10 and be implementing a tiered block water pricing program that promotes conservation and the
11 efficient management of Project Water during the term of this Contract. Such pricing program
12 for Project Water shall take into account all relevant circumstances, including without limitation,
13 water shortages imposed under this interim renewal contract and the availability and cost of the
14 Contractor's and individual water user's non-Project alternative sources of supply, including
15 ground water and other non-Project water supplies, so that the Contractor's pricing structure
16 provides incentives for conservation and the efficient management of overall water supply
17 available to water users served by the Contractor. Provided, That no such tiered block water
18 pricing program need be implemented by the Contractor if the Contracting Officer determines,
19 based on information provided by the Contractor, that (i) such a pricing structure will not result
20 in significant conservation of water available for use within the Contractor's service area,
21 including ground water or (ii) other pricing program, conservation or management measures are
22 more appropriate and/or will result in comparable or better conservation of the water supplies
23 available within the Contractor's boundaries. Provided further, If the Contractor fails to, or

1 elects not to, comply with this subdivision of Article 25, then any subsequent interim renewal
2 contract shall contain a tiered pricing contractual provision pursuant to subsection (d) of Section
3 3405 of the CVPIA.

4 (d) The Contractor shall submit to the Contracting Officer by
5 December 31, of each Calendar Year, an annual report on the status of its implementation of the
6 water conservation program.

7 EXISTING OR ACQUIRED WATER OR WATER RIGHTS

8 26. Except as specifically provided in Article 17 of this Contract, the provisions of
9 this interim renewal contract shall not be applicable to or affect water or water rights now owned
10 or hereafter acquired by the Contractor or any user of such water within the Contractor's
11 Boundaries from other than the United States by the Contractor. Any such water shall not be
12 considered Project Water under this Contract. In addition, this interim renewal contract shall not
13 be construed as limiting or curtailing any rights which the Contractor or any water user within
14 the Contractor's Boundaries acquires or has available under any other contract pursuant to the
15 Federal Reclamation law.

16 OPERATION AND MAINTENANCE BY NON-FEDERAL ENTITY

17 27. (a) The responsibility for performing and, in some cases funding the operation
18 and/or maintenance (O&M) of all or any portion or portions of the Delta Division facilities may
19 be transferred to an Operating-Non-Federal Entity by one or more separate agreements between
20 the United States and the Operating Non-Federal Entity. Any such agreements shall require the
21 Operating Non-Federal Entity to perform the O&M in compliance with the provisions of this
22 Contract and shall not interfere with the rights and obligations of the Contractor or the United
23 States hereunder.

1 (b) If so notified in writing by the Contracting Officer, the Contractor shall
2 pay directly to such Operating Non-Federal Entity in accordance with such notice, (1) that
3 portion of the Rate(s) to be paid the United States pursuant to this Contract which the
4 Contracting Officer determines is the Contractor's appropriate share of the costs of the O&M of
5 the Delta Division facilities transferred to the Operating Non-Federal Entity for O&M; and (2)
6 all appropriate additional amounts charged or assessed by the Operating Non-Federal Entity for
7 the O&M of the Delta-Division facilities. Such direct payments to such Operating Non-Federal
8 Entity shall not relieve the Contractor of its obligation to pay directly to the United States its
9 allocated share of the remaining costs for the O&M of the Project.

10 CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

11 28. The expenditure or advance of any money or the performance of any obligation of
12 the United States under this Contract shall be contingent upon appropriation or allotment of
13 funds. Absence of appropriation or allotment of funds shall not relieve the Contractor from any
14 obligations under this Contract. No liability shall accrue to the United States in case funds are
15 not appropriated or allotted.

16 BOOKS, RECORDS, AND REPORTS

17 29. The Contractor shall establish and maintain accounts and other books and records
18 pertaining to administration of the terms and conditions of this Contract, including: the
19 Contractor's financial transactions, water supply data, and Project land and right-of-way
20 agreements; the water users' land-use (crop census), landownership, land-leasing and water use
21 data; and other matters that the Contracting Officer may require. Reports thereon shall be
22 furnished to the Contracting Officer in such form and on such date or dates as the Contracting
23 Officer may require. Subject to applicable Federal laws and regulations, each party to this
24 Contract shall have the right during office hours to examine and make copies of the other party's
25 books and records relating to matters covered by this Contract.

26 ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

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28 30. (a) The provisions of this contract shall apply to and bind the successors and
29 assigns of the parties hereto, but no assignment or transfer of this Contract or any right or interest
30 therein shall be valid until approved in writing by the Contracting Officer.

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OFFICIALS NOT TO BENEFIT

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32. No Member of or Delegate to Congress, Resident Commissioner, or official of the Contractor shall benefit from this Contract other than as a water user or landowner in the same manner as other water users or landowners.

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CHANGES IN CONTRACTOR'S BOUNDARIES

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33. While this Contract is in effect, no change may be made in the Contractor's boundaries, by inclusion or exclusion of lands, dissolution, consolidation, merger or otherwise, except upon the Contracting Officer's written consent.

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NOTICES

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34. Any notice, demand, or request authorized or required by this Contract shall be deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or delivered to the Area Manager, South-Central California Area Office, 1243 N Street, Fresno, California 97321-1813, and on behalf of the United States, when mailed, postage prepaid, or delivered to the Board of Directors of the Westlands Water District Distribution District No. 2, P. O. Box 6056, Fresno, California 93703-6056. The designation of the addressee or the address may be changed by notice given in the same manner as provided in this Article for other notices.

1 IN WITNESS WHEREOF, the parties hereto have executed this interim renewal
2
3 contract as of the day and year first above written.

4 THE UNITED STATES OF AMERICA

APPROVED AS TO LEGAL
FORM AND SUFFICIENCY

/s/ James E. Turner

5 OFFICE OF REGIONAL SOLICITOR
6 DEPARTMENT OF THE INTERIOR

By: /s/ Kirk C. Rodgers
Regional Director, Mid-Pacific Region
Bureau of Reclamation

8 (SEAL) WESTLANDS WATER DISTRICT
9 DISTRIBUTION DISTRICT NO. 2

10 By: /s/ Daniel Errotabere
11 President of the Board of Directors

12 Attest:

13 /s/ Dave Ciapponi
14 Secretary

15 (I:\Interim Renewal Contracts, etc.\Westlands WD #2-01 2004-2006 IRC.doc)